

FISCAL NOTE

HB 3098 - SB 3785

March 25, 2006

SUMMARY OF BILL: Requires that BEP funding allocated and appropriated for at-risk student programs be used solely for such programs.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures – Exceeds \$7,000,000*

Assumptions:

- Current law requires funds generated for at-risk student programs to be expended for *either* instructional salaries and wages or classroom items. This bill would eliminate this option and require funds generated for at-risk students to be expended only on at-risk programs.
- Local expenditures could increase if the LEA has already committed these funds for recurring expenditures which are not directed for at-risk students.
- Currently there is approximately \$72,752,000 generated in the BEP formula at-risk education, of which 75% or \$54,564,000 is state funding, and 25% or \$18,188,000 is local funding.
- The impact of the bill is estimated to be an increase in local government expenditures to replace committed recurring expenditures with local funds so that at-risk funds can be spent on at-risk education. If only 10% of these funds are being used for recurring expenditures other than at-risk, the increased cost to LEAs could be in excess of \$7,000,000.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director